

Before the State of South Carolina  
Department of Insurance

In the Matter of:	)	
	)	Consent Order
Heritage Indemnity Company,	)	Imposing Administrative Penalty
	)	
3085 West Agoura Road	)	File Number 1999284-004-043
Agoura Hills, California 91301.	)	
_____	)	

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance and Heritage Indemnity Company, an insurer licensed to transact business in the State of South Carolina.

Heritage Indemnity acknowledges that it failed to timely provide requested information to the Department's Office of Insurer Licensing and Solvency Services and that it failed to timely respond to correspondence the Department subsequently sent to it. These are direct violations of S.C. Code Ann. § 38-13-160 (Supp. 1998) that can ultimately lead to the revocation or suspension of an insurer's certificate of authority to transact the business of insurance in South Carolina.

Prior to the initiation of any administrative proceedings by the Department against Heritage Indemnity, the parties agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision, rather than to proceed toward a formal public hearing. The consensual recommendation was that, in lieu of the Department seeking to revoke Heritage Indemnity's certificate of authority, it would waive its right to a public hearing and immediately pay an administrative fine in the total amount of \$500.

Section 38-13-160 of the South Carolina Code states that, "The director or his designee may require any authorized insurer or its officers to answer any inquiry in relation to its transactions, condition, or any connected matter necessary to the administration of the insurance laws of the State. Every corporation or person must reply in writing to the inquiry promptly and truthfully, and every reply must be verified, if required by the director or his designee, by the individual or by the officer or officers of a corporation as he designates." Section 38-5-120 states, in pertinent part, that the Director of Insurance "shall revoke or suspend certificates of authority

\_\_\_\_\_ Heritage Indemnity Co.

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granted to an insurer...if he is of the opinion upon examination or other evidence that...(t)he insurer has not complied with the law or with the provisions of its charter." Alternatively, § 38-5-130 provides that in lieu of license revocation or suspension, the Director may impose a monetary penalty as provided in § 38-2-10.

After a thorough review of the record, carefully considering the recommendation of the parties, and pursuant to my findings of fact, I hereby conclude as a matter of law, that Heritage Indemnity has violated S.C. Code Ann. § 38-13-160 (Supp. 1998). Although I can now revoke the insurer's certificate of authority, I hereby invoke the discretionary authority given to me and impose against Heritage Indemnity an administrative fine in the total amount of \$500. That fine must be paid within ten days of the date of my signature upon this Consent Order. If that total fine amount is not timely paid, the insurer's certificate of authority will be revoked without any further disciplinary proceedings.

This fine has been reached by the parties as a result of negotiation and compromise, and in consideration of Heritage Indemnity's assurance that it will timely respond to this Department's future requests for information. By the signature of one of its officers or authorized representative upon this consent order, Heritage Indemnity acknowledges this administrative order as a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act*, S.C. Code Ann. §§ 30-4-10, *et seq.* (1991 and Supp. 1998).

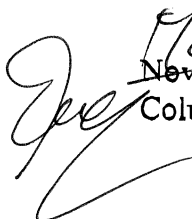
Nothing contained within this administrative order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement officer or judicial officer. Nothing contained within this administrative order should be construed to limit the statutory duty, of the Director of Insurance, exercised either directly or through the Department of Insurance, to "report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report." See S.C. Code Ann. § 38-3-110 (Supp. 1998).

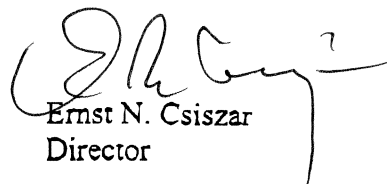
It is, therefore, ordered that Heritage Indemnity Company shall, within ten days of the date of my signature on this consent order, pay through the South Carolina Department of Insurance an administrative fine in the total amount of \$500.

It is further ordered that a copy of this consent order be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.

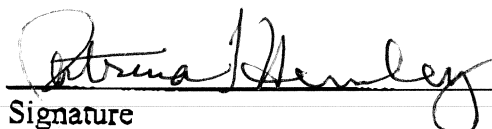
\_\_\_\_\_ Heritage Indemnity Co.

This consent order becomes effective as of the date of my signature below.

 March 2000  
November 1999  
Columbia, South Carolina

  
Ernst N. Csiszar  
Director

I CONSENT:

  
Signature

PATRICIA T HEMLEY  
Printed Name

Controller  
Title

Heritage Indemnity Company  
3085 West Agoura Road  
Agoura Hills, California 91301

Dated this 8th day of ~~November 1999~~.

March 2000

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Heritage Indemnity Co.

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